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DEPARTMENT OF STATE

Memorandum of Conversation

DATE: May 17, 1954

SUBJECT: Guatemalan Anti-Communist Movement

PARTICIPANTS: Señor Cesar Lanuza
Mr. Robert F. Woodward, Deputy Assistant Secretary, ARA
Mr. John W. Fisher, MID

COPIES TO: ARA (2); DRA; American Embassy, Guatemala

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Mr. Lanuza said he was a supporter of General Miguel Ydigoras Fuentes, who was illegally prevented from being elected President of Guatemala in 1950, when the pro-Communist Government in power dissolved his party and forced Ydigoras into exile in the midst of the election campaign. Mr. Lanuza said events in Guatemala had proceeded toward a critical stage, with Communist influence growing increasingly strong. Although General Ydigoras had an organization which reached into communities throughout Guatemala, whose population is predominantly anti-Communist, Government persecution had weakened it, and both leaders and members were becoming discouraged through lack of support from the United States. Mr. Lanuza thought the United States would have to come to the assistance of someone fighting the Communists in Guatemala; it was more important that assistance be given than that it be given to a particular opposition leader. Nevertheless, in Mr. Lanuza's view, General Ydigoras was the best man to head the movement.

According to Mr. Lanuza, an individual by the name of Vanderbilt Spader, representing himself as a member of the United States "Central Intelligence" was in touch with General Ydigoras in San Salvador in April of this year. Spader advised the General to go to President Osorio for help in the struggle against the Arbenz Government. Mr. Lanuza said that when Ydigoras went to Foreign Minister Canessa

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about an appointment with the President, Canessa emphatically told him that it would be suicidal to inform President Osorio of his plans, since the President would immediately seize any arms assembled on Salvadoran territory for use against Guatemala. According to Lanuza, Canessa told Ydigoras that Osorio had an "understanding" with President Arbenz.

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Mr. Lanuza attributed this to pressure from the United Fruit Company, which he said was favorable toward Colonel Castillo Armas. Mr. Lanuza said Castillo Armas, under a "gentleman's agreement" with Ydigoras, was under obligation to inform Ydigoras of his activities and otherwise cooperate, but he had failed to do so. Mr. Lanuza said he had left with Mr. Hill at the American Embassy in Guatemala some correspondence showing the lengths to which Ydigoras had gone to comply with his obligation while Castillo Armas was betraying him. According to Lanuza, Army officers in Guatemala known to Castillo Armas as friendly to Ydigoras were transferred or otherwise neutralized so effectively by Arbenz it was clear that information was leaking to the Guatemalan Government through the Castillo Armas organization. Lanuza said it contained a spy by the name of José Pinillos. Lanuza referred to Castillo Armas' escape from the Guatemalan penitentiary in 1951 and said it was obvious he had bought his way out and not dug a tunnel as alleged.

Mr. Woodward expressed the concern felt by the United States Government over the serious Communist situation in Guatemala, and thanked Mr. Lanuza for having informed him so fully and frankly.

NOTE: Lanuza said he was stopping at the Lafayette Hotel in Washington for three or four days. He later called to say he had moved to the Parkside Hotel.

Mr. Lanuza owns a plantation near Malacatán near the Mexican border. In 1950 he became involved in a short-lived invasion attempt headed by a demented Guatemalan named Trangay, and spent two months in the penitentiary at San Marcos. He is not in good health and has not played an active part in politics. He attended Chesterbrook School at Philadelphia and states he considers himself extremely pro-American.